



TALKING FINANCES 2013

06 TAXATION

A FINANCIAL MANAGEMENT PROGRAM FOR SCHOOL ADMINISTRATORS
PREPARED BY: FINANCIAL SERVICES DIVISION
SCHOOLS RESOURCE ALLOCATION BRANCH JANUARY 2013



Department of Education and
Early Childhood Development

Program Aims

- To provide an overview of the tax compliance unit's function and support.
- To outline the taxation requirements and procedures for schools in relation to Goods and Services Tax (GST) and Fringe Benefits Tax (FBT).
- To explore various scenarios that may impact schools with respect to the application of GST and FBT.
- To reduce risks for schools with respect to their tax compliance.
- To help schools reach the 'gold standard' of tax compliance.



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Agenda

- Introduction to DEECD Tax Unit – support available
- Goods and Services Tax (GST)
- Break
- Fringe Benefits Tax (FBT)
- Questions and Finish

DEECD Tax Unit

- Unit within Schools Financial Services division
- Functions
 - Ensure DEECD's tax compliance is correct
 - Support service to schools
 - Education portfolio coordination role
- Who are they?
 - Irena Kielczynski 9637 3281
 - Greg Hart 9637 3702
 - Callum Burke 9637 2747
 - tax@edumail.vic.gov.au
 - Contractors

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DEECD Tax Compliance Unit

Support Tools

- Edugate Tax Compliance website:
 - <https://edugate.eduweb.vic.gov.au/Services/Finance/Pages/Tax.aspx>
- Tax fact sheets
- Chart of Accounts
- Tax Briefs
- STAR tax reviews
- Sharing the knowledge:
 - Business manager presentations
 - One-on-One sessions etc.
- Tools - Fundraising Wheel, etc.
- Liaison with ATO/ABR registrations, mergers, name changes, etc.
- Online Training Modules

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GST/FBT Online Training Modules

<https://edugate.eduweb.vic.gov.au/olt/Pages/Default.aspx>

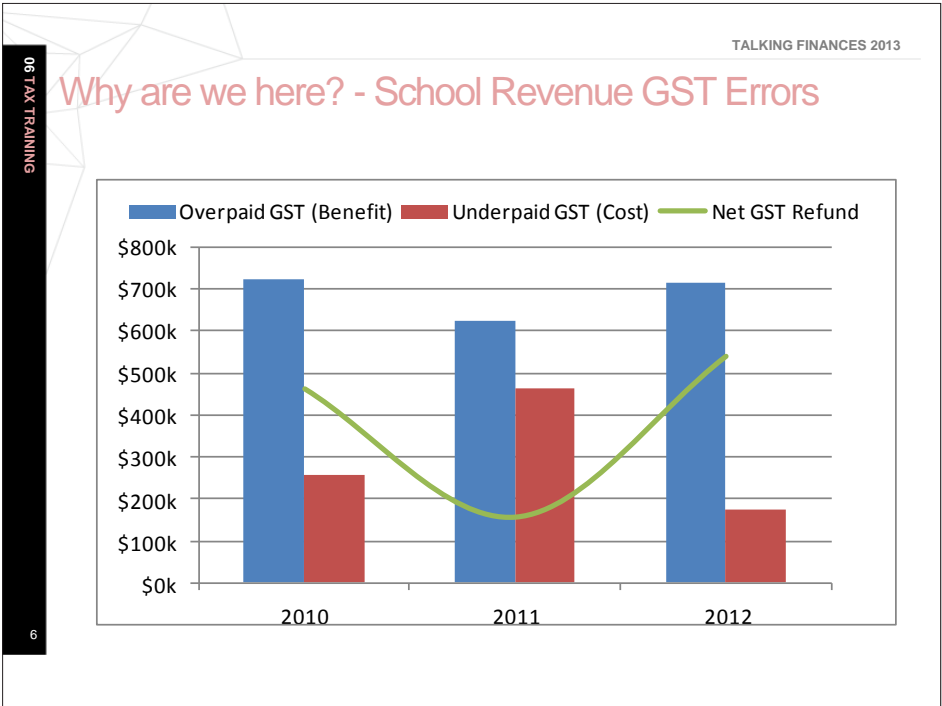
1.1 GST Basics Part 1	13. Fundraising
1.2 GST Basics Part 2	14. Program Coordinator Schools
2. The Business Activity Statement	15. Deductible Gift Recipients Status
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10. Before and After School Care and Kindergartens	23. FBT Entertainment Social Functions
11. Canteens Uniform and Book Shops	24. FBT and Travel
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GST Basics



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Types of Supplies – GST

	Revenue (GST Payable)	Expenditure (Input Tax Credit)
Taxable	Yes – G01	Yes – G11
GST-free	No – G03	No – G14
Input Taxed	No – G04	No – G13
Out of Scope	No – NS6	No – NP6

Tax Coding is Vital!!
Rely on the Chart of Accounts!!

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School's GST free supplies

- Education (of course!)
- Childcare – receives C/W Government funding and/or where the care provider is registered for the purposes of the Childcare Rebate Act
- Non-commercial activities of schools – certain fundraising
- Fresh food
- Water bill/Council Rates
- International Travel
- Code as G03/G14

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Input taxed supplies – Examples

- School canteens (G04/G13)
- Fund raising events conducted by schools (G04/G13)
- Financial supplies
- Loans, interest received (G04), Interest paid (G14)
- Dishonour fee, internet banking etc. (G14)
- Merchant fee, BPay transactions (G11)
- Residential rent and residential premises (G04/G13/G14)

Out of Scope supplies – Examples

- Appropriations – Student Resource Package funding (see later)
- Non profit sub-entity provisions (NPSE)
- Fundraising
- Unregistered suppliers
- Code as NS6/NP6

Creditors ABN/GST Registration

- DEECD policy that all schools have a preference for dealing with ABN registered suppliers
- This means they have an ABN, not necessarily GST registered
- This avoids the 46.5% withholding rule
- If schools use a no ABN supplier, code as NP6, obtain a Statement by Supplier (Nat 3346); must be a TRUE Hobby – should be very limited use
- Examples:
 - DEECD employee could never sign an Statement By Supplier
 - Active After School program – see risk continuum
 - Artists/musicians, School Nurses, Speech Therapists??
- Use of local payroll may be appropriate in some scenarios

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Statement by Supplier (SBS) Risk Continuum e.g.: Active After School Program

Low Risk	Medium Risk	High Risk
<p>Correct use of SBS – No PAYG</p> <p>Irregular payments to external deliverers:</p> <ul style="list-style-type: none"> - Uni students - Parents - Other external parties <p>In these circumstances, with no ABN quoted, the School could accept a "Statement by Supplier" from the supplier.</p>	<p>Eg: Instrumental music teacher (not employee) working three days per week for 3 terms.</p>	<p>School-braching PAYG</p> <p>Any payments via Accounts Payable to employee teachers as internal deliverers of Active After-School program.</p> <p>Any payments via Accounts Payable to employee for coordination of Active After-School program.</p> <p>In these circumstances, with no ABN quoted, the School should not accept an SBS from the employee.</p>

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Contractor vs. Employee

- Be aware of contractor versus employee and PAYG/SGL obligations
- Creditor providing services (e.g. maintenance, gardening)
- May have an ABN (or Statement by Supplier unlikely)
- Make sure this supplier is properly appointed as a Contractor and make contractor sign the DEECD Legal Office standard contracts (<https://edugate.eduweb.vic.gov.au/Services/Govt/Pages/default.aspx>)
- If deemed an employee at a later stage:
 - Will have to pay Superannuation, PAYG and Workers Compensation
 - Will likely involve significant penalties and cost if not engaged correctly at the start!!
- Use Contractor Management fact sheet (on Edugate Tax webpage) to determine if Employee or Contractor to assess risk

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GST Registration - CREDITORS

- Check GST registration of creditors www.abr.business.gov.au
 - If annual turnover > \$75k, must be GST registered
 - Refer TCU Fact Sheet "ABN LookUp"
- Change in ABR – from May 2012
 - No longer registering Trading Names
 - All Business Names must be registered with ASIC
 - Trading Name details on ABR until mid-2013, but will be removed
 - So to keep Trading Name it must be registered with ASIC as a Business Name
- Be careful of:
 - Hand-written tax invoices - i.e. pre-printed tax invoices from newsagency
 - GST-free supplies water, fruit code as G14

School GST Registration

- Make sure ABN & school contact details correct
- This can only be done with form (Change of Registration Details) from Edugate Tax website (then forward completed form to Greg Hart). Form: <https://edugate.eduweb.vic.gov.au/Services/Finance/Forms/Forms/AllItems.aspx>
- Principal and business manager should be registered as ATO authorised contacts
- Then need an AUSkey to lodge electronic BAS (see TCU fact sheet)
- Tax unit recommends that 2 hold a current Administrator AUSkey
- All School ATO forms to be lodged through the Tax Compliance Unit
- Signatures to the Westpac HYIA and Official accounts are current at banks (the business manager must not be a signatory)

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Tax Invoices

- Under the law, schools must **hold** a tax invoice to claim input tax credits
- Suppliers have a legal obligation to issue a tax invoice within 28 days of a request
- Different Requirements
 - Supply < \$75
 - Supply < \$1000
 - Supply > \$1000
 - Recipient Created Tax Invoice
- All tax invoices should be reviewed to ensure they satisfy the tax invoice requirements

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Documentation

- Tax invoices
- Adjustment notes
- Recipient created tax invoices and agreements
- Statement by Supplier
- Policies and procedures manuals

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Sample Tax Invoice – Requirements from 2010

ABN of Supplier

ABN 98 765 432 389

Identity of Supplier

Furniture Limited

Invoice

INVOICE No.: 680
DATE: May 1, 2013

ABN or Identity of Recipient

To: Johnnie Smith
Business Manager
Home Town Primary School

Date of Supply

What is supplied, including quantity and price

QTY	DESCRIPTION	UNIT PRICE	AMOUNT
10	Chairs	\$130.00	\$1,300.00
10	Tables	\$150.00	\$1,500.00
SUBTOTAL			\$2,800.00
GOODS & SERVICES TAX			\$280.00
TOTAL DUE			\$3,080.00

The GST payable and the extent to which supplies are taxable

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School Tax Assurance Reviews (STAR)

TAX STAR reviews reveal no supporting documents and coded as G11 to claim input tax credits – WRONG!!!

- Under ATO audit, schools would have to repay all GST claimed without holding a tax invoice
- Could also be subject to penalties and General Interest Charge (GIC)

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Expense Reimbursement

- School is entitled to claim input tax credit for expenses incurred in connection with carrying on of enterprise
 - effectively agents of the school
 - provision of tax invoices
 - education of employees
- School must hold original Tax Invoice from Supplier
- DEECD policy that staff are encouraged to use purchase orders so that reimbursement is not necessary

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GST Case Study 1
Tax Invoices

(Refer to page 43 of your workbook)

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GST-Free Education

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Education Course

An education course is GST-free

- Whole list of defined courses including primary, secondary and special education courses
- These are defined such that all Victorian schools provide one of them
- Covers parent payments, electives, etc.
- Also includes administrative services
- Code all G03

Tax Coding is Vital!!

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Class/Course Materials

- Course materials are GST-free to student, but must be:
 - In relation to an education course
 - Supplied by the school
 - Necessarily consumed or transformed by the students
- If outsourced, GST on everything, but not school's problem
- If commission received G01 taxable
- School entitled to claim back GST credits provided the school holds a tax invoice from the supplier

Tax Coding is Vital!!

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Course Materials

GST Free – G03

- Pens, paper
- Workbooks, diaries
- Cooking ingredients
- Hire of instruments
- Course notes
- Art supplies
- Hire of lockers
- Hire/lease of laptops
- Broken window fines
- Lost library book fines
- Parent payments
- ID cards/internet/printing
- Entry to competitions
- ICAS testing
- Maths/music exam test
- Swimming charges
- Presentation by sports star
- Working bee/grounds fee
- School yearbook (if “signature page” or similar)

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Course Materials (continued)

Not GST Free – G01

- Calculators
- Textbooks
- Cooking utensils
- Locks (bought)
- Computers
- Sporting equipment
- Purchase of laptops
- Sale of items produced in woodwork class etc.
- Grade 6/Year 12 windcheaters
- USB stick
- Graduation Bear (or similar)
- School Yearbook (if not written in by students)
- Musical instruments (owned)

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Laptops/Netbooks to Students

- Outright purchase
 - G01 (including insurance, case, repairs etc.)
- Lease with guaranteed purchase
 - G01, because of guaranteed ownership at end
- Lease with **no** guaranteed purchase
 - G03, returned to school at end, but can still be sold as second hand asset (including insurance, case, repairs etc.)
- Sale of second hand laptop/netbook
 - G03, as less than 50% of original price

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School Misc Revenue

Not GST Free – G01

- Staff laptop lease payments and insurance
- Tax invoices between schools:
 - For e.g. Coordinator School activities etc.
 - Affiliation fees
 - VPSSA fees for sports carnival
 - MARC/library/dental van fees between schools
- DEECD International student funds
- Student Teacher Supervision from Universities
- Be careful of Grants from Local Govt and/or C/W Govt (see later)

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Camps/Excursions

- A camp/excursion is GST-free for student if:
 - directly related to curriculum; and
 - not predominantly recreational
- But any supply of food as part of the camp is not GST-free to the student
 - so separate food component; split student fee into 2 lines:
 - accommodation – G03
 - food – G01
- Includes deb balls and graduations
- School entitled to claim back GST credits but must hold a valid tax invoice from supplier
- Food component for any Government School Camp:

(Rubicon Outdoor Centre, The Alpine School, Bogong Outdoor Ed Centre, Somers School Camp is GST free – G03)

 - no separation is required

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Before and After School Care (BASC)

- GST rules say if BASC centre is approved childcare facility or receives Fed Govt funding, then **parent revenue** is GST-free (G03)
- Fed Govt funding = >
 - Centrelink funding generally GST-free (G03)
 - Sustainability funding generally taxable – RCTI (G01)
 - **Check remittance advice!!! – Be proactive!!!**
- If BASC outsourced, rent/commission is taxable (G01)
- Claim all GST on expenses (G11), but beware fresh food (G14)
- Active After School Funding – Taxable (G01)

Canteen

Schools can elect to treat their canteen as Input Taxed

- Must do it for 12 months, or stop 12 months
- Motion through school council
- **Revenue G04; Expenses G13**
- If leased to outsourced provider, rent or commission is G01

If input taxed, must apportion overheads (electricity, gas, phone, cleaning). Purchase of fridge, oven and buildings.

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Uniform/Bookshop

Uniform/Bookshops can be treated as NPSE/Input Taxed

- No GST on uniform/book sales, no claiming ITC on purchases
- Motion through school council – sample Edugate Tax website

	Revenue (GST Payable)	Expenditure (Input Tax Credit)
Taxable (no profit)	Yes – G01	Yes – G11
GST-free (s/hand)	No – G03	No – G14
Input Taxed (profit)	No – G04	No – G13
Out of Scope (profit)	No – NS6	No – NP6
If outsourced, any commission received G01		

Significant overheads – apportion GST – Tax Coding is Vital!!

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Grants and Appropriations

- ‘Appropriations’ – Student Resource Package - not subject to GST
- Generally, most DEECD funds to schools are appropriations (NS6)
- Other funds received from other Vic Govt Depts are also generally appropriations
- Some funds may be treated as taxable – these are consideration for a taxable supply by school
- Be careful of DEECD grants – i.e. International Education (taxable)
- Documentation should reflect GST or not, so make sure you hold a remittance advice or other document**

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Sample DEECD Remittance Advice

Victoria

Department of Education and
Early Childhood Development

QPD Box 4367, Melbourne Victoria 3001

Attn: 92 709 101 822

EFT Remittance Advice

EFT Advice Num: 4457987

Date: 15-NOV-2012

Page: 1 of 1

EFT Reference No: 180412_48_mnu

Date Credited: 16-JUN-12

Vendor Name: 70913720

Employee Code:

Tutorial College

Tutor Road

Docklands Vic: 3008

Invoice Date	Invoice Number	Description	Our Ref	Invoice Amt (Inc GST)	Endowment Tax Withheld	Net
15-NOV-12	00000000	STUDENT RESOURCE PACKAGE (SRP) - BATCH 2008 - TERM 2 SUBMITTING YOUNG ORANGE - Fee Subject to GST (Invoice 4581) CASH/ST Financial General Ledger 70001	10000	36,887.82		36,887.82
Total						36,887.82
Includes GST of						0.00

Fundraising

- Complicated!
- Runs across all 4 GST types
- Fully Taxable / Input Taxed / NPSE / GST free
- Choose the best option to maximise fundraising dollars
- In summary:
 - Prepare a budget
 - If planning to make a profit => Input Taxed or NPSE
 - If planning to make a loss/subsidise the event => fully taxable
- Fundraising wheel on edugate tax website may assist

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Fundraising – Input Taxed

- Schools have special concession to treat certain events as Input Taxed
- Means no GST on revenue, no claim ITC on costs (G04/G13)
- Make sure don't claim ITCs e.g. Cadbury fundraising chocolate
- Can't run > 15 per year and similar to:
 - Fete, ball, gala show, dinner, performance
 - Sales of goods where each sale < \$20
 - Motion through school council

Only if you plan to make a profit!!

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Fundraising – Non Profit Sub Entity (NPSE)

- Can run activity as NPSE
- Achieves same outcome as Input Taxed, but for activities that don't meet Input Taxed conditions
- Don't pay GST on revenue, don't claim GST back on costs (NS6/NP6)
- Make sure don't claim ITCs – e.g. Cadbury fundraising chocolate
- Motion through school council – sample Tax Resource website

Only if you plan to make a profit!!

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Fundraising – GST-Free

- Schools have special concession to treat certain fundraising activities as GST-Free
- Means no GST on revenue, claim all ITCs (G03/G11)
- Only for raffles and bingo
- Only relevant if you have GST inclusive costs for raffle (i.e. buy prizes and printing of raffle tickets)

Fundraising – Taxable

Choose taxable (G01/G11) if you are planning to make a loss or subsidise the event:

- Graduation
- Deb ball
- School musical production
- Sponsorship (other party registered and wants a Tax Invoice)
- School to prepare a budget on the fundraising wheel which will assist

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Program Coordinator Schools

Numerous arrangements

2 Tips:

- Claiming back GST
 - Make sure TAX Invoice in school's name for payments
 - If paying expenses from Regional funds, must be a formal agreement and include a HOSPITALITY form which clearly explains type of event. Form: <https://edugate.eduweb.vic.gov.au/Services/Finance/School FBT Documents/Conference-Course-Seminar-Professional Development - Hospitality Form.doc>
- Charge GST on almost all revenues received from other schools
 - Refer to : Program Coordinator School Governance Framework <http://www.education.vic.gov.au/school/principals/finance/Pages/guidelines.aspx>

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Deductible Gift Recipients (DGR) – School Building and Library Funds

- New ATO DGR rules apply
- Old Trust funds no longer valid, so parents can't claim a tax deduction
- Schools must wind-up old Trust funds and establish new funds and seek new ATO endorsement
- Obtain new guidelines, forms and processes from Greg/Callum
- Email: tax@edumail.vic.gov.au

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Business Activity Statement (BAS)

- Net amount recorded in GST return, which is incorporated into a BAS
- Enables GST liabilities to be off-set against other tax liabilities such as PAYG
- Net amount must be substantiated by a tax invoice for every input tax credit

BAS Lodgment

- No excuse not to be electronic!
- ECI vs. portal
- BAS revisions, history better on portal
- Running balance account

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CASES21 Corrections – GST Journal

- Refer C21 Process Guide “General Ledger Section 5:5”

If the original transaction involved entry of:		Debit Line Entry	Credit Line Entry
A GL Payment		Correct GST Code	Incorrect GST Code
A GL Receipt		Incorrect GST Code	Correct GST Code
A Creditor Invoice		Correct GST Code	Incorrect GST Code
A Family/Debtor Invoice		Incorrect GST Code	Correct GST Code
A Creditor Credit Note		Incorrect GST Code	Correct GST Code
A Family/Debtor Credit Note		Correct GST Code	Incorrect GST Code

- GST Journal for adjustment done within the same period

	Sub Prog	GL Code	Init	Detail	GST Type	Debit	Credit	Tax Amt	Gross Amt
1	7001	73002	000	Interest adjustment from batch xx	G01	130.00		13.00	143.00
2	7001	73002	000	Interest adjustment from batch xx	G04		143.00	0.00	-143.00

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CASES21 Corrections

Original	Original GST Code	GST Code to use when processed outside BAS period
GST Code to use when processed outside BAS period	G10	G18
	G11	G18
	G13, G14, G15, NP6	NP6
GL Receipt/Family Invoice/Sundry Debtor Invoice/Family Credit Note/Debtor Credit Note/GL Reverse Receipt	G01	G07
	G02, G03, G04, NS6	NS6

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Know the GST Rules & GST codes for:

- Barter/Contra
- Kindergartens (refer tax fact sheet)
- Co-ops/Joint use
- International education
- Fuel tax
- Etc.
- Summary – there are many issues, but
 - Be proactive
 - Aim for gold standard
 - Request help – don't be a "Damsel or Duke in Distress"!!

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GST Case Study 2

(Refer to page 49 of your workbook)

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Break

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Fringe Benefits Tax

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Agenda

- Broad overview of FBT
- Exemptions/exclusions
- Entertainment
- Cars
- FBT tracker demonstration
 - Nil returns
 - FBT worksheets – entertainment
 - Cars

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When does FBT apply?

- In simple terms FBT will be payable when the **"School has PAID"** for an employee or their associate or 3rd party to receive a fringe benefit
- School types of Fringe Benefits:
 - Car Fringe Benefit (school car)
 - Expense payment (school council contributes towards gift)
 - Housing Fringe Benefit (teacher relocation etc.)
 - Tax Exempt Body Meal Entertainment:
 - Alcohol
 - School council dinners
 - Social functions (e.g. Christmas party)

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DEECD's FBT

- For Central Employees
 - DEECD is the employer and so has the FBT liability
 - Lodges FBT Return
- For School Level Payroll
 - School council is the employer and so would have the liability and lodge the return

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How does the school pay the FBT

- The school reports the event on FBT Tracker
- At the end of the FBT year the school lodges its FBT Declaration electronically through FBT Tracker (submitted by the principal)
- This FBT data is reviewed and the FBT return is remitted to the ATO by DEECD
- DEECD then sends a tax invoice to the school for the amount of FBT

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How much will it cost the school – ROUGH CALCS

- There are various valuation methods in FBT law
- A simple but rough calculation is to multiply the GST inclusive value, say \$100 X 96% ~ \$96 FBT PLUS the original \$100. Therefore TOTAL COST ~ \$196 or FBT is about double the portion that school has contributed
- Or if there are 6 parents, 4 staff and \$110 expense:
FBT will be $\$110 \times 4/10 \times \sim 96\% = \sim \42 (DEECD invoice)

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Administrative Issues

- FBT year: 1 April to 31 March
 - DEECD lodges return and pays FBT normally by mid May
- Record Keeping Requirements
 - Keep records that identify and explain all transactions and acts that are relevant to establish their FBT liability
 - A file note is VERY important during an ATO/DEECD Desk audit
 - The file note should document the reasons why there is no FBT applicable to the expense
- Reportable Fringe Benefits

Exclusions from FBT

- Salaries and wages
- Superannuation benefits
- Employment Termination Payments (ETP)
- Exempt benefits
 - Minor benefit rule
 - Other exemptions (otherwise deductible)

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Minor Benefit Rule – Powerful exemption

- Benefits that are: minor, infrequent & irregular
- < \$300 each, per instance, per employee, per year inclusive of GST

Schools generally cannot use minor benefit exemption on entertainment

- Not for: movie tickets, Gold Class, dinner voucher at local restaurant, football tickets, tennis, golf days etc.
- Also refer to DEECD Gift policy:
https://portal.eduweb.vic.gov.au/ourorg/ori/procurement/Documents/Gifts_Benefits_hospitality_policy.pdf

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Exempt Benefits

Work related items ("otherwise deductible")

- mobile phone (primarily for use in employment)
- protective clothing
- briefcase, calculator, tool of trade, elect diary
- Portable/laptop computer (limit 1 / FBT year, work related)
- newspapers/periodicals (work related)

Entertainment by Way of Food or Drink – TR 97/17

- **Why**
 - Social vs. business
- **What**
 - Finger food vs. 3 course meal
- **Where**
 - On-site vs. off-site
- **When**
 - Business hours vs. after hours
 - December vs. other months
- Consumption of alcohol will taint the whole event as subject to FBT
- **File notes** are very important
- DEECD Tax unit undertakes desk audits to verify that schools' entertainment expenditure is correctly treated as FBT or otherwise

Seminar Expenses

- What's the ATO definition of a seminar?
- ATO states that food and drink would be reasonably incidental to a seminar if it:
 - Longer than 4 hours (excl meal break)
 - Conference, convention, lecture, meeting, speech, Q & A session, training session, educational course
 - Off-site, at a business that organises seminars
 - ATO view that breakfast meetings are less likely to be defined as entertainment, but must be proper PD

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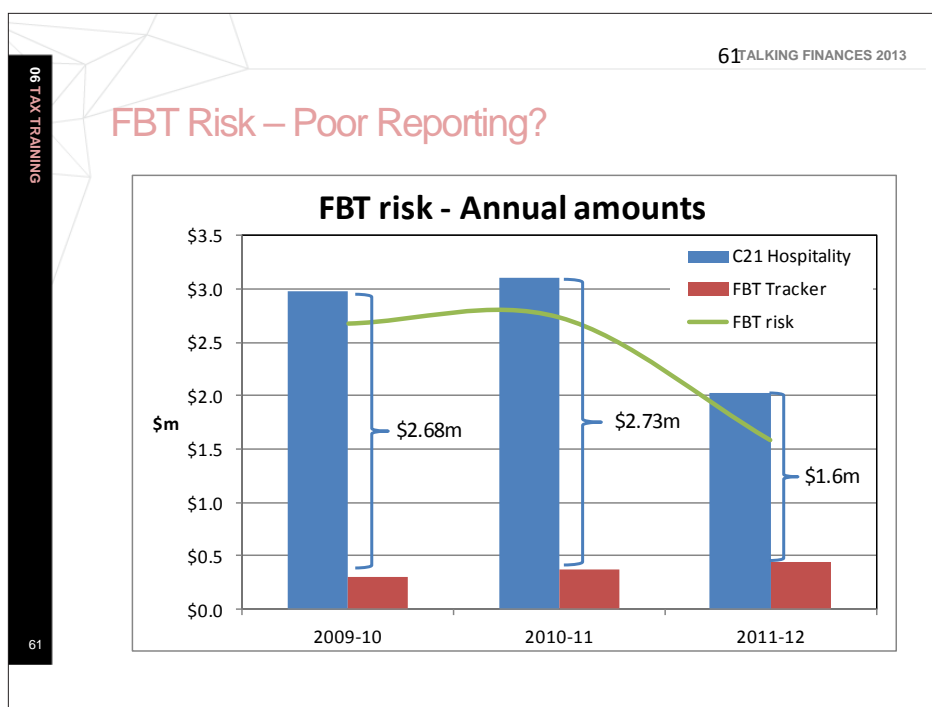
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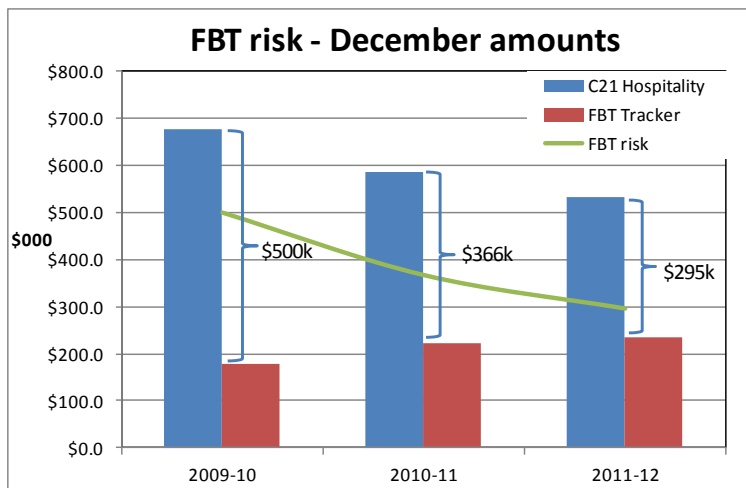
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FBT and Entertainment

- Refer FBT Fact Sheets
- Different types of entertainment, but **schools must treat all entertainment as Tax-Exempt Body Entertainment**
- C21 Entertainment accounts
 - 86910 Conferences/Courses/Seminar
 - 86920 Hospitality
 - 86930 Light refreshments – ON SITE



FBT Risk – Poor Reporting?



Entertainment Examples

- School council dinner
 - On-site vs. off-site; December vs. other months
- Staff functions
 - On-site vs. off-site
 - Light refreshments vs. sit down 3 course meal
- Overnight Conferences
 - Conference dinner with moderate alcohol, no band or dancing
 - Conference dinner with moderate alcohol, band and dancing
- Retirement functions
 - On-site morning/afternoon tea vs. after school vs. dinner
 - Off-site
 - DEECD employees vs. whole community (staff & non-staff)
- Principal network functions
- Any event with alcohol, paid by the school, on or off-site, will usually taint the whole event as subject to FBT

Presentation Slides

06 TAX TRAINING

TALKING FINANCES 2013

Other Fringe Benefits

No FBT

- Working bee
- Parent teacher (on-site)
- Happy hour (gold coin)
- Non entertainment gifts < \$300
- Wine to presenters
- School council dinner (on-site)
- XMAS party (staff pay)
- Morning tea (on-site/light refresh)

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06 TAX TRAINING

TALKING FINANCES 2013

Other Fringe Benefits (continued)

FBT (Record on FBT Tracker)

- **Almost any event with alcohol**
- Dinner vouchers
- Happy hour (no gold coin)
- Entertainment gifts > \$1
- Corporate boxes
- School council dinner (off-site)
- Theatre tickets
- Teacher games expense
- Golf days

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School Staff Uniforms

- General rules – subject to FBT
- But non-compulsory uniform registered on Register of approved occupational clothing means no FBT if school pays staff for uniforms
- Alternatively if staff pay, they can claim a deduction in personal tax return
- See Edugate fact sheet for forms and links to AusIndustry website: www.ausindustry.gov.au

When is a car subject to FBT?

- The "car" must be:
 - **held** by an employer or associate (i.e. owned or leased)
 - provided to an employee or associate; and
 - in respect of employment
- The car must then be applied for, or be available for "private use" by the employee/associate
- All cars must be recorded in FBT Tracker, regardless of whether private kms or not:
 - includes leased and owned
 - includes school cars and region cars

Presentation Slides

06 TAX TRAINING

TALKING FINANCES 2013

What is a car?

- A "car" is a motor vehicle (including 4 wheel drive), station wagon, panel van, utility truck designed to carry:
 - < 1 tonne or < 9 passengers
- All travel is deemed private unless a log book is maintained
- Home to work travel is generally private, therefore if car garaged at home - FBT'able
- All cars should be recorded in FBT Tracker

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06 TAX TRAINING

TALKING FINANCES 2013

FBT Tracker Demonstration

- FBT Declaration
- FBT Worksheets
- Cars
- Initial access to manage tracker provided to the principal who may delegate to business manager, but principal must submit the FBT Declaration

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06 TAX TRAINING

TALKING FINANCES 2013

FBT Case Study

(Refer to Page 51 of your workbook)

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06 TAX TRAINING

TALKING FINANCES 2013

Other Talking Finances Modules

- Student Resource Package (SRP)
- Asset Management
- Budget Preparation
- Report Analysis
- School Level Payroll

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GST Case Study 1

EXERCISE 1 - Accounts Payable Invoices for processing

You are the Business Manager of Shelbyville Primary School (ABN 21 098 663 228). The School has a number of campuses.

Accounts Payable Invoices for a sample of expenses are attached, as follows.

Can the School claim input tax credits on the following expenses?

Sample of invoices

Invoice A

Ref	Description	Total price	OK to claim	How much GST?	GST code
A	20 sets of cricket bats and balls	\$2,200			

Dean Jones Cricket Centre		INVOICE	
To: Maxine Shelbyville Primary 135 Rainbow Street Shelbyville South Vic 3287		Date: 26 July 20XX	
Quantity	Description	Unit Price	Total
20 sets	'Big Kahuna' Cricket bat and ball		\$2,200.00
Total Amount Due			\$2,200.00

GST Case Study 1 continued

Invoice B

Ref	Description	Total price	OK to claim	How much GST?	GST code
B	Payment to Shelbyville Conference Centre from Activity Coordinator School Funds – TSSP	\$55,000			

Shelbyville Conference Centre			INVOICE	
To: Dept of Education (BSW Region) 33 St Andrews Place Melbourne Vic 3004			ABN: 10 950-385-223	
Date: 5 July 20XX				
Quantity	Description of Goods and Services	Unit Price	Total	
1	Conference for TSSP members – 300 people, venue hire, light refreshments Contact Peter Smith – regional coordinator	\$50,000	\$50,000	
Plus GST			\$ 5,000	
Total Amount Due			\$ 55,000	

Invoice C

Ref	Description	Total price	OK to claim	How much GST?	GST code
C	100 loaves of focaccia bread, 50 donuts	\$1,525			

Baker’s Dozen			INVOICE	
To: Shelbyville Primary School 201 Sussex Street Shelbyville Vic 3288			ABN: 10 950-385-223	
Date: 5 July 20XX				
Quantity	Description of Goods and Services	Unit Price	Total	
50	Focaccia bread - plain	\$ 10.00	\$ 500.00	
50	Focaccia bread - herb	\$ 15.00	\$ 750.00	
50	Iced Donuts	\$ 5.00	\$ 250.00	
Subtotal			\$ 1,500.00	
Plus GST			\$ 25.00	
Total Amount Due			\$ 1,525.00	

Invoice D

Ref	Description	Total price	OK to claim	How much GST?	GST code
D	200 Slide Rules and 200 sets of Maths text books	\$14,300			

Maths Mate		INVOICE	
To: Shelbyville Primary School 1 Spring Street Melbourne VIC 3000		ABN: 67 392-109-092 Date: 6 July 20XX	
Quantity	Description of Goods and Services	Unit Price	Total
200	Slide Rules	\$10.00	\$ 2,000.00
200	Maths Text Books	\$55.00	\$ 11,000.00
	Subtotal		\$ 13,000.00
Plus GST			\$ 1,300.00
Total Amount Due			\$14,300.00

Invoice E

Ref	Description	Total price	OK to claim	How much GST?	GST code
E	Camp for Year 10 students - Deposit	\$300			

U Beaut Camp		INVOICE	
To: Shelbyville Primary School 1 William Street Melbourne Vic 3000		ABN: 30 281-293-304 Date: 15 July 20XX	
Description		Total	
Deposit for School Camp 2014 20 students – Total Cost \$3,300 10% payable on acceptance of booking		\$300.00	
Total Amount Due		\$300.00	

GST Case Study 1 continued

Invoice F

Ref	Description	Total price	OK to claim	How much GST?	GST code
F	Camp for Year 10 students	\$3,300			

U Beaut Camp		TAX INVOICE	
		ABN: 30 281-293-304	
To:	Shelbyville Primary School 1 William Street Melbourne Vic 3000	Date:	15 July 20XX
Quantity	Description of Goods and Services	Unit Price	Total
20	Students – Accommodation/Activities	\$120.00	\$2,400.00
	Students - Food	\$ 30.00	\$600.00
		Plus GST	\$300.00
		Subtotal	\$3,300.00
		Less Deposit Paid	\$300.00
		Total Amount Due	\$3,000.00

Invoice G

Ref	Description	Total price	OK to claim	How much GST?	GST code
G	5 IBM T-20 laptops	\$12,650			

ComputerLand		INVOICE	
ABN: 39 348-509-005			
To:	Shelbyville Primary School GPO Box 150 Shelbyville Vic 3288	Date:	25 July 20XX
Quantity	Description of Goods and Services	Unit Price	Total
5	IBM T-20 laptops	\$2,300.00	\$ 11,500.00
		Total Amount Due (including GST)	\$ 12,650.00

[illegible]

Bowser's Petrol (Newcastle)	Tax Invoice/ Receipt
	Date: 18/7/XX
150 l diesel @ \$1.32	\$ 198.00
Total Amount Paid (incl GST)	\$ 198.00

GST Case Study 1 continued

Invoice J

This is a staff reimbursement invoice

Ref	Staff Member	Details of Expense	Total Price	OK to claim	How much GST?	GST code
J	Pierre Justine	Airfare/ accommodation	\$2057.30			

<div><div>Let's Fly Airways Limited</div><div>ABN 25 654 258 951</div></div>			<div>INVOICE</div>		
<div>To: Pierre Justine</div> <div>14 Rose Drive</div> <div>BLACKTOWN VIC</div>			<div>Date: 29 July 20XX</div>		
Arrangements	Price	Total			
Return Sydney – Paris - Sydney Passenger P Justine departing 14/7/14 and returning 17/7/14	\$1,680.00				
Accommodation at Hiltonian, Sydney on 14/7/14	\$343.00	\$2,023.00			
			Plus GST	\$	34.30
			Total Amount Due	\$	2,057.30

GST Case Study 2

EXERCISE 2: GST treatment of revenue received from families

Complete the following table by entering the appropriate coding in column 2.

	Item	GST coding
1	Essential education items charge, voluntary financial contributions	
2	Locker hire	
	Supply of a lock	
	Student diary	
3	Instrumental music charge	
	Hire of instruments	
	Purchase of instrument	
4	Excursions/incursions, swimming classes	
5	Maths/science competitions eg. ICAS	
6	Camps-external provider eg. Queensland camp	
	(a) Non food component	
	(b) Food component	
	Self catered eg. Outdoor Ed	
	(c) Non food component	
	(d) Food component	
	Camps-Government (Somers, Bogong, Rubicon and Alpine school)	
	(a) Non food component	
	(b) Food component	
7	Before/after school care fees from parents	
8	Photocopying/printing credits for students	
9	Lost library book, damage to school property (broken window)	
10	Sale of tickets to school concert, school production	
11	Tickets to Graduation dinner	
	(a) Student	
	(b) Parents, friends, relatives	
12	Sale of Gr6/Yr12 tops	
13	Fun Run, Red Nose Day fundraising	
14	Bus fares for travel to/from school	

GST Case Study 2 continued

EXERCISE 3: GST treatment of monies received from other sources

Complete the following table by entering the appropriate GST code in column 2.

	Item	GST coding
1	Commissions (eg. bank, Landmark)	
2	Donations	
3	Bank interest	
4	Hire of facilities (school hall)	
5	Reimbursement of photocopying by parent	
6	Monies from other schools for primary or secondary schools sports	
7	Staff purchasing obsolete equipment	
8	International students (funds from DEECD)	
9	CRT teacher supervision received from tertiary institutions	
10	Grants	
	(a) SRP funding from DEECD	
	(b) Short term leave reimbursement from DEECD	
	(c) Conveyance allowance grant from DEECD	
	(d) CRT Reimbursement grant from DEECD	
	(e) Commonwealth Govt Grant (RCTI provided)	
11	Sale of Cadbury chocolates fundraiser	

FBT Case Study

EXERCISE 4: School FBT Entertainment Scenarios

Some school events that indicate if an FBT liability applies.

Meals provided whilst travelling with overnight stay

No	Situation	FBT Liability
1	CASES21 Conference – with an overnight stay. School pays for its business manager to attend a CASES21 conference in the city. School pays full conference price which includes all meals, drinks (may include moderate amount of alcohol with dinner), travel and overnight accommodation. What if the conference dinner included a band and dancing – does this alter the FBT outcome?	Staff member (no band) Staff member (band and dancing)
2	Travel - with an overnight stay. School staff member on a business related trip with at least one overnight stay and accompanied by spouse. School meets costs of travel, accommodation and meals for staff member and relative.	Staff member Spouse (associate)
3	Travel – International Conference – 7 Days School pays for principal to attend an International seminar and study tour. School pays for flights, accommodation and all travel expenses. NB It is Departmental policy that the trip is: <ul style="list-style-type: none">• Approved by the Regional Director;• That a travel diary is maintained covering the whole trip (regardless of length); and• That there is no private holidays attached to the trip.	Staff member

School meetings/school council meetings on and off premises

No	Situation	FBT Liability
4	School or school council meeting light refreshments on school premises. School provides morning/afternoon teas/light meals and soft drinks (no alcohol) for a school council meeting (less than 4 hours) on school premises.	DEECD Staff Non DEECD school council members

No	Situation	FBT Liability
5	School or school council meeting off school premises. School provides food and drink in the form of coffee/tea/ juice/cake/sandwiches (finger food) for a school or school council meeting (less than 4 hours) off school premises at a cafe.	Staff member School council members
6	School or school council meeting off school premises. School provides food and drink in the form of lunch (eg bowl of pasta – knife and fork) for a school or school council meeting (less than 4 hours) off school premises at a cafe.	Staff member School council members
7	Principal Network – breakfast meeting at a cafe. School pays for principal network monthly meeting where principals from 20 schools attend between 7am and 9am. Participants have a substantial breakfast (eggs and bacon – knife and fork) at a café to discuss school business.	Principal
8	Principal attends professional development breakfast program in conference venue. School pays for principal to attend a seminar that is held from 7.00 am to 9.00 am and is part of a professional Development program. The seminar is held in a hotel and a light breakfast is provided.	Principal
9	Principal network meeting – lunch. School pays for principal network meeting where principals from 20 schools attend. Participants have lunch (eg bowl of pasta – knife and fork) at a cafe to discuss school business (meeting last less than 4 hours, excl meal time). Consultants also attend to present at the meeting.	Principal Consultants
10	Meals on premises School provides sandwiches, fruit and juice for staff, at a working lunch, on school premises, either from the school canteen or an external caterer.	Staff members

FBT Case Study continued

Social events, Christmas parties and curriculum events

No	Situation	FBT Liability
11	'Happy Hour' The school provides snacks, beer and wine for a 'happy hour' at the end of week/term in the school staff room. Staff make no contribution.	Staff member
12	Theatre / movie tickets - excursion School buys theatre tickets for staff members on an excursion with students. The teachers are in a supervisory role.	Staff member
13	School graduation dinner – additional teacher tickets School pays for tickets to the school graduation dinner for additional teachers and admin staff, who are not in a supervisory role.	Teachers in supervisory role Teachers not supervising Admin staff not supervising
14	Theatre / sporting events tickets / dinner vouchers School buys tickets and gives these to staff members and the Parents Club president as a thank you.	Staff members P&F President
15	Christmas function, on school premises School provides afternoon tea at the end of the day, on the last day of term, including finger food, soft drink and coffee/tea, for teachers on school premises.	Staff members

No	Situation	FBT Liability
16	<p>Christmas function, at a café</p> <p>School pays for a staff Christmas party at an external venue (restaurant/café) for all staff, including finger food and beer/wine.</p>	Staff members
17	<p>End of year seminar, at a country club, 4 hours</p> <p>School pays for the principal to attend a principal network function. The venue is the local country club which conducts conferences and has a separate meeting room. Lunch is in the restaurant at the venue. There is an agenda which indicates the meeting will be:</p> <p>Morning session from 9:00 – 12:30</p> <p>Lunch 12:30 – 1:30</p> <p>Afternoon session 1:30 – 4:30</p> <p>Lunch consists of a 1 course sit down meal, with 2 glasses of wine. Cost is \$50 per head.</p>	Staff member
18	<p>End of year seminar, at a country club, not 4 hours</p> <p>School pays for the principal to attend a principal network function. The venue is the local country club which conducts conferences.</p> <p>There is an agenda which indicates various speakers and topics will be discussed – the meeting will begin at 11:00 and last until 3:00.</p> <p>Lunch will be served during the meeting. Lunch consists of a 1 course sit down meal, with 2 glasses of wine. Cost is \$50 per head.</p>	Staff members
19	<p>Working bee</p> <p>The school provides a slab of beer/cask of wine for the attendees of the working bee.</p> <p>The attendees are predominantly parents and a few teachers, the principal and some school council members.</p>	All attendees

FBT Case Study continued

No	Situation	FBT Liability
20	School production The school provides drinks and light refreshments (no alcohol and sustenance) for teachers in connection with the annual school production (run as NPSE).	Staff member Non-employee attendees
21	School production The school provides drinks and light refreshments (alcohol) for teachers in connection with the annual school production (run as NPSE).	Staff member Non-employee attendees

Seminars

No	Situation	FBT Liability
22	Seminar– 4 hours – on-site; sandwich lunch Staff attend a seminar that runs for at least 4 hours exclusive of breaks Seminar is conducted in the school hall. Seminar costs include speakers, sandwich lunch and juice (no alcohol). Would the FBT result be any different if the seminar was held at a conference venue and the lunch included moderate alcohol?	Staff member (on-site) Staff member (off-site, moderate alcohol)
23	Seminar - in-service; dinner at restaurant. Teacher or business manager attends a one-day in-service training day. At the conclusion a group of participants go to a restaurant together for a business dinner . School reimburses employee’s expenditure	Staff member

GST Case Study 1 Answers

Exercise 1 – Accounts payable invoices for processing

Ref	Description	Amount	GST	Total price	Okay to claim?	Notes	GST code
A	20 sets of cricket bats and balls	\$2,000	\$200	\$2,200	No	No supplier ABN, >\$75, so not valid. ABN withholding applies.	G14
B	Payment to Shelbyville Conf Centre from Activity Coord. School Funds – TSSP	\$50,000	\$5,000	\$55,000	No	Addressed to Dept/Region – school can't claim. Must get addressed to School or sign Agency form.	NP6
C	100 loaves of focaccia bread, 50 Iced donuts	\$1,525	\$25	\$1,525	Yes – Mixed supply; only claim \$25.	Mixed supply - herb bread is GST-free, donuts taxable.	G11/ G14
D	200 slide rules and 200 maths text books	\$13,000	\$1,300	\$14,300	Yes	OK	G11
E	Deposit for 20 students to attend camp	\$300	0	\$300	No	No GST on deposit, can only claim once final tax invoice is provided. Not a tax invoice	G14
F	Fee for 20 students to attend camp	\$2727.27 \$272.72 \$3000.00	\$272.72 \$27.27 \$300.00	\$3000 \$300 \$3,300.00	Yes	OK. While only \$3,000 is paid, should claim \$300 GST – must do a journal for the GST on the deposit amount which was paid earlier as G14	G11
G	5 IBM T-20 laptops	\$11,500	\$1,150	\$12,650	Yes		G11
H	Cleaners	\$991.23	\$0	\$991.23	No	No ABN ABN withholding applies. Beware hand-written invoices.	G14
I	Mary Jones – petrol (for school bus)	\$180	\$18	\$198	No	No ABN of supplier ABN withholding applies, even though purchase made by employee (though this is arguable).	G14
J	Pierre Justine airfare/accomm.	\$2,023	\$34.30	\$2,057.30	Yes ?	Mix of taxable and GST-free supplies. Although the amount of GST is clearly shown, taxable supplies are not clearly identified. Would ATO accept - materially compliant? Probably OK	G11/ G14

GST Case Study 2 Answers

EXERCISE 2: GST treatment of revenue received from families

Complete the following table by entering the appropriate coding in column 2.

Item		GST coding
1	Essential education items charge, voluntary financial contributions	G03
2	Locker hire	G03
	Supply of a lock	G01
	Student diary	G03
3	Instrumental music charge	G03
	Hire of instruments	G03
	Purchase of instrument	G01
4	Excursions/incursions, swimming classes	G03
5	Maths/science competitions eg. ICAS	G03
6	Camps-external provider eg. Queensland camp	
	(a) Non food component	G03
	(b) Food component	G01
	Self catered eg. Outdoor Ed	
	(c) Non food component	G03
	(d) Food component	G01
	Camps-Government (Somers, Bogong, Rubicon and Alpine school)	
	(a) Non food component	G03
	(b) Food component	G03
7	Before/After school care fees from parents	G03
8	Photocopying/printing credit for students	G03
9	Lost library book, damage to school property (broken window)	G03
10	Sale of tickets to school concert, school production	G01, NS6, G04
11	Tickets to Graduation dinner	
	(a) Student	G03, G01 (food), NS6 fundraising
	(b) Parents, friends, relatives	G01, NS6
12	Sale of Gr6/Yr12 tops	G01, NS6, G04
13	Fun Run, Red Nose Day fundraising	NS6, G04
14	Bus fares for travel to/from school	G01

GST Case Study 2 Answers continued

EXERCISE 3: GST treatment of monies received from other sources

Complete the following table by entering the appropriate GST code in column 2.

Item		GST coding
1	Commissions (eg. bank, Landmark)	G01
2	Donations	G03 or NS6
3	Bank interest	G04
4	Hire of facilities (school hall)	G01
5	Reimbursement of photocopying by parent	G01
6	Monies from other schools for primary or secondary schools sports	G01
7	Staff purchasing obsolete equipment	G03
8	International students (funds from DEECD)	G01
9	CRT teacher supervision received from tertiary institutions	G01
10	Grants	
	(a) SRP funding from DEECD	NS6
	(b) Short term leave reimbursement from DEECD	NS6
	(c) Conveyance allowance grant from DEECD	NS6
	(d) CRT reimbursement grant from DEECD	NS6
	(e) Commonwealth Govt Grant (RCTI provided)	G01
11	Sale of Cadbury chocolates fundraiser	NS6, G04

FBT Case Study Answers

EXERCISE 4: School FBT Entertainment Scenarios

Some School Events that indicate if an FBT liability applies.

Meals provided whilst travelling with overnight stay

No	Situation	FBT Liability
1	<p>CASES21 Conference – with an overnight stay.</p> <p>School pays for its business manager to attend a CASES21 conference in the city.</p> <p>School pays full conference price which includes all meals, drinks (may include moderate amount of alcohol with dinner), travel and overnight accommodation.</p> <p>What if the conference dinner included a band and dancing – does this alter the FBT outcome?</p>	<p>Staff member (no band)</p> <p>NO FBT</p> <p>Not entertainment</p> <p>Travelling with an overnight stay</p> <p>If a band and dancing is included with the conference dinner, FBT will apply to the cost of the meal, drinks, band and venue hire, as the event is now considered to be entertainment</p>
2	<p>Travel - with an overnight stay.</p> <p>School staff member on a business related trip with at least one overnight stay and accompanied by spouse.</p> <p>School meets costs of travel, accommodation and meals for staff member and relative.</p>	<p>Staff member</p> <p>No FBT</p> <p>Not entertainment</p> <p>Travelling with an overnight stay</p> <p>Spouse (associate)</p> <p>FBT</p>
3	<p>Travel – International Conference – 7 Days</p> <p>School pays for principal to attend an International seminar and study tour. School pays for flights, accommodation and all travel expenses.</p> <p>NB It is Departmental policy that the trip is:</p> <ul style="list-style-type: none">• Approved by the Regional Director;• That a travel diary is maintained covering the whole trip (regardless of length); and• That there is no private holidays attached to the trip.	<p>Principal</p> <p>No FBT</p> <p>Not entertainment</p> <p>Business travel</p> <p>NB If no travel diary is maintained – FBT</p>

FBT Case Study Answers continued

School meetings/school council meetings on and off premises

No	Situation	FBT Liability
4	<p>School or school council meeting light refreshments on school premises.</p> <p>School provides morning/afternoon teas/light meals and soft drinks (no alcohol) for a school council meeting (less than 4 hours) on school premises.</p>	<p>DEECD staff</p> <p>No FBT because this is sustenance</p> <p>Non DEECD employees school council members</p> <p>No FBT on DEECD FBT return as they are not DEECD employees</p>
5	<p>School or school council meeting off school premises.</p> <p>School provides food and drink in the form of coffee/tea/juice/cake/sandwiches (finger food) for a school or school council meeting (less than 4 hours) off school premises at a cafe.</p>	<p>Staff member</p> <p>No FBT because coffee and cake is sustenance, not entertainment</p> <p>School council members</p> <p>No FBT on DEECD FBT return as council members are not DEECD employees</p>
6	<p>School or school council meeting off school premises.</p> <p>School provides food and drink in the form of lunch (eg bowl of pasta – knife and fork) for a school or school council meeting (less than 4 hours) off school premises at a cafe.</p>	<p>Staff member</p> <p>FBT because more than sustenance</p> <p>School council members</p> <p>No FBT on DEECD FBT return as council members are not DEECD employees</p>
7	<p>Principal Network – breakfast meeting at a cafe.</p> <p>School pays for principal network monthly meeting where principals from 20 schools attend between 7am and 9am. Participants have a substantial breakfast (eggs and bacon – knife and fork) at a café to discuss school business.</p>	<p>Principal</p> <p>FBT</p> <p>FBT because event held at restaurant, and not a seminar as not Professional Development</p>

No	Situation	FBT Liability
8	<p>Principal attends professional development breakfast program in conference venue.</p> <p>School pays for principal to attend a seminar that is held from 7.00 am to 9.00 am and is part of a Professional Development program. The seminar is held in a hotel and a light breakfast is provided.</p>	<p>Principal</p> <p>No FBT</p> <p>ATO states that Breakfast provided at a Professional Development seminar is not entertainment</p>
9	<p>Principal network meeting – lunch.</p> <p>School pays for principal network meeting where principals from 20 schools attend. Participants have lunch (eg bowl of pasta – knife and fork) at a cafe to discuss school business (meeting last less than 4 hours, excl meal time). Consultants also attend to present at the meeting.</p>	<p>Principals</p> <p>FBT because event held at café, not 4 hours.</p> <p>Consultants</p> <p>No FBT because consultant not an employee</p>
10	<p>Meals on premises</p> <p>School provides sandwiches, fruit and juice for staff, at a working lunch, on school premises, either from the school canteen or an external caterer.</p>	<p>Staff members</p> <p>No FBT because sustenance and on premises</p>

Social events, Christmas parties and curriculum events

No	Situation	FBT Liability
11	<p>'Happy Hour'</p> <p>The school provides snacks, beer and wine for a 'happy hour' at the end of week/term in the school staff room. Staff make no contribution.</p>	<p>Staff member</p> <p>FBT because social event</p>
12	<p>Theatre / movie tickets - excursion</p> <p>School buys tickets for staff members on an excursion with students. The teachers are in a supervisory role.</p>	<p>Staff member</p> <p>No FBT</p>
13	<p>School graduation dinner – additional teacher tickets</p> <p>School pays for tickets to the school graduation dinner for additional teachers and admin staff, who are not in a supervisory role.</p>	<p>Teachers in supervisory role</p> <p>No FBT</p> <p>Teachers not supervising</p> <p>FBT (as social)</p> <p>Admin Staff not supervising</p> <p>FBT (as social)</p>

FBT Case Study Answers continued

No	Situation	FBT Liability
14	<p>Theatre / movie / sporting events tickets and dinner vouchers</p> <p>School buys tickets and gives these to staff members and the Parent Club president as a thank you.</p>	<p>Staff member</p> <p>FBT because recreation</p> <p>P&F President</p> <p>No FBT because not employee</p>
15	<p>Christmas function, on school premises</p> <p>School provides afternoon tea at the end of the day, on the last day of term, including finger food, soft drink and coffee/tea, for teachers on school premises.</p>	<p>Staff members</p> <p>No FBT as sustenance</p>
16	<p>Christmas function, at a café</p> <p>School pays for a staff Christmas party at an external venue (restaurant/café) for all staff, including finger food and beer/wine.</p>	<p>Staff members</p> <p>FBT because social event</p>
17	<p>End of year seminar, at a country club, 4 hours</p> <p>School pays for the principal to attend a principal network function. The venue is the local country club which conducts conferences and has a separate meeting room. Lunch is in the restaurant at the venue. There is an agenda which indicates the meeting will be:</p> <p>Morning session from 9:00 – 12:30</p> <p>Lunch 12:30 – 1:30</p> <p>Afternoon session 1:30 – 4:30</p> <p>Lunch consists of a 1 course sit down meal, with 2 glasses of wine. Cost is \$50 per head.</p>	<p>Staff member</p> <p>No FBT</p> <p>This is classified as a seminar as it runs for more that 4 hours.</p> <p>Additionally as the seminar is held at a conference venue, the food and drink is not subject to FBT.</p>
18	<p>End of year seminar, at a country club, not 4 hours</p> <p>School pays for the principal to attend a principal network function. The venue is the local country club which conducts conferences.</p> <p>There is an agenda which indicates various speakers and topics will be discussed – the meeting will begin at 11:00 and last until 3:00.</p> <p>Lunch will be served during the meeting. Lunch consists of a 1 course sit down meal, with 2 glasses of wine. Cost is \$50 per head.</p>	<p>Staff members</p> <p>FBT</p> <p>This meeting does not meet the ATO definition of a seminar as the meeting does not last for more than 4 hours (excl the meal break).</p> <p>As such, FBT will apply to the \$50.</p>

FBT Case Study Answers continued

No	Situation	FBT Liability
19	<p>Working bee</p> <p>The school provides a slab of beer/cask of wine for the attendees of the working bee.</p> <p>The attendees are predominantly parents and a few teachers, the principal and some school council members.</p>	<p>All attendees</p> <p>NO FBT</p> <p>Food and Drink is incidental to the event and is sustenance</p>
20	<p>School production</p> <p>The school provides drinks and light refreshments (no alcohol and sustenance) for teachers in connection with the annual school production (run as NPSE).</p>	<p>Staff member</p> <p>No FBT because sustenance</p> <p>Non-employee attendees</p> <p>No FBT as not employees</p>
21	<p>School production</p> <p>The school provides drinks and light refreshments (alcohol) for teachers in connection with the annual school production (run as NPSE).</p>	<p>Staff member</p> <p>FBT because alcohol - social</p> <p>Non-employee attendees</p> <p>No FBT as not employees</p>

Seminars

22	<p>Seminar– 4 hours – on-site: sandwich lunch</p> <p>Staff attend a seminar that runs for at least 4 hours exclusive of breaks.</p> <p>Seminar is conducted in the school hall. Seminar costs include speakers, sandwich lunch and juice (no alcohol).</p> <p>Would the FBT result be any different if the seminar was held at a conference venue and the lunch included moderate alcohol?</p>	<p>Staff member</p> <p>No FBT</p> <p>This is classified as a seminar as runs for more than 4 hours. Additionally the food and drink is sustenance (light meal).</p> <p>Result would be the same if moderate alcohol was consumed (ie No FBT) as meets ATO definition of a seminar</p>
23	<p>Seminar - in-service; dinner at restaurant</p> <p>Teacher or business manager attends a one-day in-service training day.</p> <p>At the conclusion a group of participants go to a restaurant together for a business dinner. School reimburses employee’s expenditure.</p>	<p>Staff member</p> <p>FBT because food consumed at a restaurant.</p>



